DEPARTMENT OF H. .LTH & HUMAN SERVICES

Public Health Service

Alcohol, Drug Abuse and
Mental Health Administration
Rockville MD 20857

NOV 13 1990

Oxford House, Inc.
11317 Beach Mill Road
P.O. Box 994
Great Falls, Virginia 22066

Attention: Charles E. van der Burgh
Chief Financial Officer

Dear Mr. van der Burgh:

The purpose of this letter is to notify you that the Office for Treatment Improvement (OTI) is cancelling Request For Proposal (RFP) No. OTI 90-0002 and terminating negotiations pursuant to it. This decision has been reached based upon both technical and cost considerations.

Technically, your proposed plan for tasks related to the methadone and prison demonstration houses did not reasonably assure OTI that a successful demonstration could be achieved. The demonstration houses are viewed by OTI as a critical component of this solicitation. Review of your technical proposal by an impartial review panel comprised of Government officials with specific expertise relating to the RFP revealed significant weaknesses. The following concerns were among those raised:

- the overall technical approach to the demonstration houses was extremely weak and failed to discuss in detail how the specific tasks would be carried out;
- the proposal displays a lack of sensitivity and an unacceptable bias against methadone treatment, for example, stating on page 8 that "methadone users are committed not to sobriety but to an alternative addiction," and referring to methadone patients as users and addicts;
- linkages between Oxford House, Inc., the consultants, and outside systems of support were not explained, including the overall responsibility of Oxford House, Inc., to manage and coordinate the methadone treatment professionals; and,
- evidence that the consultants involved in the demonstration houses are committed to the

project was absent, including specific information on the proposed evaluation approach and detailed plans on how the project would be carried out.

Discussions held with you concerning the specific weaknesses did not sufficiently satisfy OTI that the concerns would be adequately addressed. Your bias against methadone treatment continues to persist as evidenced by the discussions held during negotiations. This bias is unacceptable for assuring OTI that the goals of the project can be achieved.

Regarding your cost proposal, you have indicated to OTI that Oxford House, Inc., could not perform the given statement of work within the dollar limitations facing OTI. During negotiations, OTI offered to reduce the required scope of activity within each of the three contract objectives. You stated that, even after making adjustments to reduce the number of demonstration houses from three to one each for methadone patients and ex-criminal offenders, the Government requirement could not be performed for less than $700,000. This is approximately 75% over the Government cost estimate that OTI continues to believe is reasonable. Given your organization's reluctance to negotiate reduced costs for all three contract objectives, OTI does not believe fair and reasonable estimated costs can be negotiated with Oxford House, Inc. for accomplishing the necessary work.

Based on these technical and cost considerations, it is in the Government's best interest to terminate negotiations and cancel its request for proposal. We regret that the parties were unable to reach an acceptable agreement for the conduct of this project.

Your interest in the programs of the Office for Treatment Improvement is appreciated.

Sincerely yours,

Roberta S. Wilhelm

Roberta S. Wilhelm, Chief
Contracts Management Branch
Office for Treatment Improvement

cc: J. Paul Molloy, Oxford House, Inc.